

In traditional viewpoint, service only includes industries producing non-material wealth. By this approach, service is education, culture, health care and other public services.

At present the United Nations divides industries in the economy into the primary, the secondary and the tertiary industries. By this way the primary industry is agro-forestry-fishing one, the secondary one is concerned with exploiting, mining and building, the tertiary one performs such services as transport, trade, banking, education, culture, health care... Thus the tertiary industry is service industry producing material and non-material wealth. In the market economy it is even sorted by commodity feature (banking, accounting, repairing...) and non-commodity one such as the state administration.

There is interactive relation in the above industries, formulating a country's economic structure. Each development of industry systems accord their inner ratio. In the economic history, the objective rule of economic structure altering process shows that the development of one industry leads to the following one's development and vice versa.

Today the tertiary industry plays a decisive role in economic structure. It represents development level of an

economy, living standard of a people, satisfaction of cultural and mental demand. It also attracts redundant labor due to development of the primary and secondary ones.

It should be noted the tertiary industry only grows after the primary and secondary ones developed to an extend. The following is an example:

In America the economic structure alteration goes along in the direction of high ratio of the tertiary industry in the economy. In comparison with 1947, the primary industry went down from 8.9% to 2% of GDP, the tertiary one rose from 55.3% to 73.2% of GDP in 1990.

In Japan the change is in the same direction. In 1950 due to lack of food and cities damaged in the war, the percentage of labor force working in the primary industry was too high, accounting for 50.7% of total employees. Then from mid 1950's this figure went on decrease and reached 12.7% in 1975. Meanwhile the percentage of labor force in the secondary industry increased from 22.2% in 1950 to 35.3% in 1975, whereas the figure in the tertiary one went up most speedily from 27.1% to 52%. Today the labor percentage comes to a standstill in the secondary industry, goes down in the primary one and sharply increases in the tertiary one.

In developed countries the above

situation is an inevitable trend. It certainly results from a country's process of socio-economic development. Since techno-scientific development level is too high, today in developed countries, e.g. in America, although labor force in agriculture takes only some per cent but it can produce enough food for domestic demand and even for export. Besides, the labor capacity in industry is also too high. Per capita income in the US and Japan get into the top ten (the US: US\$ 24,601; Japan: US\$ 33,908 in 1994), so their spending power is so great. With these conditions, improvement of the tertiary industry is obvious demand and can be fully realized.

In developing countries, structure alteration is now performed from the primary industry to the secondary one, especially from agriculture to the processing industry. Vietnam is an agricultural country, most people live in the rural areas. VN is developing the economy in the stable stage. Its economic structure alteration goes on the same way with other developing countries. However in the process of structure alteration, the tertiary industry also surely grows. But at present that process is rather slow.

According the statistics in 1992 the number of workers in the primary industry is 23,265,000, accounting for 72.96% of total employees, in the second-

THE TERTIARY INDUSTRY DEVELOPMENT THE INEVITABLE TREND IN THE STRUCTURE ALTERING PROCESS OF VIETNAM'S ECONOMY

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dary one 4,276,000 and 13.4%, in the tertiary one 4,349,000 and 13.64%.

proached. At this angle, the government's impact plays a decisive

THE NUMBER OF WORKERS IN INDUSTRIES

(unit: 1,000 persons)

	1988	1989	1990	1991	1992
The primary industry	20,657	20,895	21,889	22,483	23,265
The secondary industry	4,006	4,036	4,210	4,214	4,276
The tertiary industry	3,815	4,010	4,188	4,276	4,349
- transport	443	455	476	480	485
- telecommunication	40	40	35	46	47
- trade	1,331	1,606	1,681	1,719	1,750
- non-material wealth producing sector	1,980	1,880	1,966	2,001	2,037
- other branches	21	29	30	30	30

Source: General Department of Statistics

By the above statistics, it is seen there is not sharp increase in the number of workers in the secondary and tertiary industries whereas this figure in the primary one did not yet go down due to following reasons:

- *Firstly*, VN's standard of agricultural mechanization is still low in most works of ploughing, irrigating and draining, caring and harvesting, so agriculture still need a great labor source. VN's labor division level isn't developed, production is mainly rice monocultural and isn't improved in other branches such as growing fruit trees, breeding marine products, trading, supplying materials, financial service, handicraft, processing industry.

- *Secondly*, the labor capacity in the secondary is poor. In recent years, industrial enterprises have paid attention to innovating machinery, equipment and production line...But in general these tools are still obsolescent and patched up, investment in technological improvement is slow and little. Therefore the ratio of manual labor in the secondary is still rather high.

- *Thirdly*, VN's national income per capita is too low (per capita GDP on average in 1994 is US\$ 240), this affects the people's spending power and at the same time cannot stimulate the tertiary to develop speedily as developed countries.

- *Fourthly*, such branches in the tertiary industry as transport, banking, trade, service in Vietnam is underdeveloped, isn't strong enough to serve the primary and secondary ones' development.

All of the above mention restricts speedy development of VN's tertiary industry and curbs its process of economic structure alteration in the current advanced trend of the world.

Economic structure alteration is an objective process, however Man can make it change fast if its rule is ap-

role. In my opinion, the following issues should be initially settled to push up economic structure alteration in the developing tendency of the tertiary industry.

- *Firstly*, Vietnam should made effective performances such as developing the primary industry strongly, pushing up agricultural mechanization, exploiting technoscientific achievements of green revolution, investing new microbiological technology in rice production to R&D of fruit tree and fish breeding...On the whole VN should diversify its agriculture, exploit full potential of the primary industry. Production diversification will strongly stipulate the specializing process of production and goods exchanging relation among monocultural areas throughout the country. Jobs in agriculture will be expanded, attracting redundant labor

due to specialized farming. Peasants' income will rise. As a result, their spending power also goes up. This causes the tertiary industry to improve. Besides, concentration on developing rural economy certainly leads to investment in building roads, bridges, marketplaces, houses, hospitals, communication, financial service, rural credit network, agro-fishing product processing system...This also means improvement of the secondary and tertiary industries will be consequently realized. That is the crucial point of the country's economic structure altering process at present.

- *Secondly*, the processing industry development is an inevitable way to change economic structure rapidly. It will attract labor from agriculture. Moreover investment in the processing industry do not require great funds, and the refundable term is short, not to count VN's comparative advantage of low labor cost over other countries. This is also attracting much attention of foreign investors. Although VN's labor cost tends to increase as countries in the region in future, but in advance this is still an important trend of changing labor force. Besides, export-oriented processing industries bring in much foreign currency to industrialize the country (in 1994 export turnover value of the processing industry accounted for one third of total export turnover)

- *Thirdly*, the tertiary industry development will serve the primary and secondary ones. At present, the tertiary industry growth is slow in comparison with requirement of the economy. The country's annual GDP growth rate of 8% on average as well as requirement of more investment forces the tertiary industry to improve so many times higher than its current pace. In advance the quality and quantity of services in this industry should be enhanced including material and non-material ones. There are now projects modernizing banking technology, telecommunication, upgrading transport network, improving public services, reforming procedure of granting investment licence. However many projects is not yet realized or slowly developed. Thus, the tertiary industry does not yet meet the demand of structure alteration, restricts development of the primary and secondary ones as well as has bad influence on foreign investment. In my opinion, to heighten the tertiary industry ratio in the economy the government should have effective policies on attracting domestic and foreign investment as well as make best use of official development aid so as to develop the tertiary industry ♣

